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C O N F I D E N T I A L LA PAZ 002395

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E.O. 12958: DECL: 11/06/2028  
TAGS: [PGOV](#) [PREL](#) [SNAR](#) [ECON](#) [PINR](#) [BL](#)  
SUBJECT: SANTA CRUZ FEELING DEFEATED

REF: A. LA PAZ 2311  
[1](#)B. LA PAZ 2370

Classified By: ECOPOL COUNSELOR MICHAEL HAMMER FOR REASON 1.4 B.

[1](#)1. (C) Summary: Santa Cruz political and civic leaders have run out of money and energy to aggressively oppose the Morales government. They will not run a "No" campaign on the January 25, 2009 constitutional referendum, which they believe will pass no matter what they may do. Instead, they are looking forward to the presidential and congressional election that will follow in December 2009, hoping that the opposition can unite behind a common ticket that includes a Cruceno. Prefect/Governor Ruben Costas is concentrating on his day job: delivering development projects in the provinces. The Civic Committee is talking the talk against the referendum, but preparing behind the scenes for a change of leadership in February 2009. Santa Cruz residents are universally alarmed about the return of shameless narcotraffickers to the city center and an increase in violence when the DEA departs after having been expelled by President Morales. They are also worried about the economy in the country in general due to falling prices for exports and the likely suspension of ATPDEA benefits. End summary.

No "No" Campaign  
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[1](#)2. (C) There has been a remarkable change in the political atmosphere in Santa Cruz during the past several months, from euphoria after the May 4 autonomy referendum to resigned and defeated today. Santa Cruz political and civic leaders have had the wind taken out of their sails by:  
-- the revoking referendum, which gave Evo new life;  
-- the real fear in September that 12,000 government-supported peasants and laborers would invade the city and provoke large-scale bloodshed;  
-- the failure of the talks between the government and opposition prefects to resolve key issues of autonomy and financing for the departments; and  
-- the "betrayal" of opposition politicians in Congress that "sanitized" the government's draft constitution, giving the public the impression that the government and opposition had

both blessed the document. Civic leaders compared this to clothing the wolf in sheepskin.

13. (C) Cruceno leaders believe that the constitution will pass easily in the January 25, 2009 referendum and have therefore decided to concentrate on the December 2009 presidential and congressional elections that will follow, rather than wasting time and money in a fruitless "No" campaign. This does not mean they will support the constitution; they oppose it in principle and will continue speaking out against it. However, they are not planning a media campaign such as they ran for the autonomy and recall referenda earlier in 2008. One civic activist lamented, "We lost the momentum. And the money. The business community abandoned us." Another said that the Morales Government learned a key lesson in the violent confrontations of September: it is easy to get the opposition to back down or even flee. They simply don't have the stomach for violence that government supporters do.

#### Civic Committee Going Strong but Preparing for Change

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14. (C) President of the Santa Cruz Civic Committee Branko Marinkovic is back in the country after his weeks-long self-imposed exile, which took the form of a speaking tour through Brazil and the United States. (He jettisoned plans to visit Argentina due to distrust of the Morales-allied Kirchner government, fearing that he could be arrested there and extradited to Bolivia in a political show.) The central government is attempting to prosecute officers of the Marinkovic family's cooking oil business, including his sister, for tax violations dating back six or seven years. Branko was subpoenaed to testify, but has claimed his legal right to refuse to testify against a family member. In a November 5 press conference, Marinkovic called for Crucenos to remain strong and united against the draft constitution and in favor of autonomy. The Civic Committee's general secretary told APP Officer (APPO) that Marinkovic will remain an aggressive Civic Committee president through the constitutional referendum, but behind the scenes there are preparations to pass the baton when Marinkovic's term ends in February 2009. Frontrunners for the January election to a two-year term include Luis "Lucho" Nunez, the current first vice-president, Carlos "Chipa" Rojas, a business leader from the north of Santa Cruz, and Juan Carlos Urenda, the constitutional lawyer who drafted the autonomy statutes. Rodolfo Landivar, president of the Santa Cruz Federation of Neighborhood Associations, may also toss his hat in the ring.

#### Looking Forward

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15. (C) The General Secretary of the Prefecture told APPO that Prefect (aka Governor) Ruben Costas is concentrating on delivering infrastructure projects and other programs in the Santa Cruz provinces as the best way to show the benefits of autonomy. Rather than giving rousing speeches in the Santa Cruz main square, he is demonstrating his message of more effective local government by carrying through on promises to develop the department. Elections for a Santa Cruz legislative assembly have been postponed to April 2010, concurrent with elections for "governor" under the autonomy statute.

16. (C) As in the rest of the country, Santa Cruz leaders are very aware that the opposition to Evo Morales must be united behind a common candidate in December 2009 presidential elections. In a separate meeting with ECOPOLCOUNS, Senate President Oscar Ortiz (also a Cruceno) commented that "everyone in the opposition intellectually knows we have to run one united candidate against Evo, but we are politicians and everyone wants to be the one." He further remarked that he could not even convince his PODEMOS party leader Jorge "Tuto" Quiroga that he should not run. "We need new faces," he added. The name most often mentioned in Santa Cruz and elsewhere is journalist and ex-president Carlos Mesa (refs a and b). But, Crucenos are highly critical of Mesa, whom they blame for beginning the current "racist" dialogue of revenge for 500 years of oppression. (Crucenos point out that as

recently as 50 years ago Santa Cruz was a poor village of dirt roads and low dwellings, and could not possibly be responsible for oppressing the indigenous Aymara of the altiplano.) On the other hand, Crucenos give Mesa credit for beginning the autonomy process by calling for the first referenda on autonomy for the departments and establishing direct election of the prefects (previously they were presidential appointees). They point out the advantages of Mesa's positive international reputation, and his support within the media. One civic activist confided that when Mesa last visited Santa Cruz, businessmen said they were ready to pledge money for his presidential campaign. The Santa Cruz leaders are hopeful that UN party leader Samuel Doria Medina will step out of the way, and Mesa would choose a Cruceno for a running mate, such as Ruben Costas, Branko Marinkovic, former civic committee president German Antelo, or even former Santa Cruz mayor Roberto Fernandez. Mesa has told us he is definitely interested in running and that he knows he needs to mend fences with Santa Cruz. In fact, he is considering having a Cruceno vice-presidential running mate, mentioning German Antelo (a neurosurgeon) as the right kind of Cruceno.

#### Economic Woes

17. (C) The main concern of most people in Santa Cruz at present is not politics, but the shortage of cooking gas, gasoline, and diesel fuel. Lines at the gas stations are kilometers long at times. The fall in the price of some minerals and hydrocarbons, the shortage of fuel for agricultural machines, and the likely suspension of ATPDEA trade benefits mean that Crucenos across the board are very nervous about an impending economic crisis. Even prestigious institutions such as the Bolivian-American Center (CBA) have suffered economically as a result of the recent political turmoil--dropping from nearly 3,600 English students pre-September to about 3,000 in November. CBA Directors blamed the difference on the violence (parents didn't want their children traveling through the city to classes) and on economic uncertainty. They hope enrollment will pick up during the November-through-January school vacation.

#### DEA Expulsion

18. (C) Santa Cruz natives are alarmed by President Morales' decision to expel the Drug Enforcement Agency from Bolivia. They fear a return to the "bad old days" in the 1980's when narcotraffickers ran Santa Cruz as their personal fiefdom, using violence to get what they couldn't buy with money. The worst conspiracy theorists are convinced that this decision reflects an agreement between the government and the narcotraffickers to finance the constitutional referendum and presidential campaign, and to provide funds to keep miners, textile workers, and other sectors loyal to the government afloat. The cynics claim that narcotrafficking will be the only "growth industry" in Bolivia. Most people are simply worried about the crime, violence, and corruption that will break out with less foreign control of narcotrafficking in Bolivia.

#### Comment:

19. (C) Crucenos are in a funk. They placed so much hope in the autonomy referendum, the civic protests, and the chance for a real dialogue with the government under the eyes of serious international and domestic observers. Now, they must reluctantly accept that they are in the minority in Bolivia, and brace themselves for what will come in 2009 and beyond.

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